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## Enhancing Smallholder Farmer Access to Prime Markets through Horizontal & Vertical Linkages: The Case of Sunflower in Tanzania

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### Abstract

The study presents research findings on horizontal and vertical linkages in Tanzanian food value chains with a special case of sunflower. Increasing urbanisation, growing middle-classes and greater regional integration promise new market outlets with higher prices as well as larger and more stable demand. Yet, most smallholder farmers face difficulties to enter these high-value markets and produce at quality and quantity specifications required by the buyers. Creating horizontal linkages (collective action among farmers, traders and / or processors) and more formal agreements with such buyers (vertical linkages) may be a promising upgrading strategy with positive effects on further innovation adoption and livelihoods of value chain actors.

The study assesses the state of horizontal and vertical linkages in Tanzania using project farming households and trader survey data as well as LSMS data from 2012/13. In addition, insights from consultations with value-chain-actors and policy-makers with a focus on sunflower are discussed to understand factors constraining overall innovation adoption and up-scaling as well as well as livelihood improvements.

As expected, the data shows that participating in horizontal and vertical linkages is associated with higher farmer income and commercialisation. Yet, participation is very limited in the project regions for both farmers and agricultural traders. We find a number of factors that may driver participation in these arrangements.

For the case of sunflower, links between farmer groups and large-scale sunflower processor may provide substantial welfare improvements compared to conventional market channels. Still, strong price competition with imported palm oil as well as insufficient policy attention on sunflower R&D constrain wider innovation adoption, sector growth and poverty reduction. Next research steps therefore focus on detailed policy analysis of potentials for re-introducing palm oil import tariff, on developing models for integrating farmers into the market as well as on the constraints in the sunflower innovation system.

**Keywords:** Horizontal linkages, sunflower, Tanzania, value chain, vertical linkages